

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN EXAMINATION BY THE)	
PUBLIC SERVICE COMMISSION)	
OF THE APPLICATION OF THE)	
FUEL ADJUSTMENT CLAUSE OF)	
LOUISVILLE GAS AND ELECTRIC)	CASE NO. 8591-A
COMPANY FROM NOVEMBER 1,)	
1982, TO APRIL 30, 1983)	

O R D E R

Pursuant to 807 KAR 5:056, Section 1(11), the Commission issued its Order on July 1, 1983, scheduling a hearing and requiring Louisville Gas and Electric Company ("LG&E") to provide a record of scheduled, actual and forced outages.

LG&E provided the data requested by the Commission's Order of July 1, 1983. LG&E also filed its monthly fuel adjustment filings for the 6-month period under review. Following proper notice, a hearing was held on September 2, 1983.

Intervenors in this case were the Consumer Protection Division of the Attorney General's Office ("AG") and Airco Carbide, a division of Airco, Inc., ("Airco"). The AG did not offer testimony and on cross-examination did not challenge the level of actual fuel cost included in LG&E's monthly fuel filings. Airco presented an oral motion requesting the Commission to suspend LG&E's authorization to recover fuel costs through its fuel adjustment clause. The Commission requested that this motion

be submitted in writing and Airco complied by filing a motion on September 15, 1983, in Case No. 8591, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Louisville Gas and Electric Company from November 1, 1980, to October 31, 1982, which Airco subsequently withdrew.

In its Order issued on June 13, 1983, in Case No. 8591 the Commission fixed LG&E's base fuel cost at 15.11 mills per KWH. The Commission's review of LG&E's monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low of 14.08 mills in February 1983 to a high of 15.32 mills in December 1982. The Commission's review of the record in this case, the coal market conditions during this period and the data filed in support of the fuel adjustment clause rates indicate that the actual fuel costs included in the monthly fuel adjustment clause filing were reasonable. Based on an analysis of the entire record in this matter, the Commission is of the opinion that LG&E has complied with the provisions of 807 KAR 5:056.

In a response to a data request, LG&E indicated that during the 6-month period under review, it has incurred an over-recovery of fuel costs of \$1,543,682. The Commission has determined that this over-recovery is primarily due to a combination of billing lags and declining costs of fuel for generation during this period. Having considered these circumstances, the Commission is of the opinion that this

over-recovery does not indicate that there has been an improper application of the fuel adjustment clause, or that such over-recoveries will consistently recur in the future.


The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:


1. LG&E has complied in all material respects with the provisions of 807 KAR 5:056.

IT IS THEREFORE ORDERED that the charges collected by LG&E through the fuel adjustment clause for the period November 1, 1982, through April 30, 1983, be and they hereby are approved.

Done at Frankfort, Kentucky, this 29th day of December, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary